



STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION
FROM HRS CHAPTER 103D

'12 MAY -9 P3:06

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Land and Natural Resources
Name of Requesting Department

Pursuant to HRS §103D-102(b)(4) and HAR chapter 3-120, the Department requests a procurement exemption for the following:

1. Describe the goods, services or construction:

Reimbursement of rent paid to store approximately 2,500 concrete artificial reef modules between October 2010 to April 2012

2. Vendor/Contractor/Service Provider:

Pioneer Machinery, Inc.

3. Amount of Request:

\$ 80,000

4. Term of Contract: From: 10/1/09 To: 9/30/10

5. Prior SPO-007, Procurement Exemption (PE): none

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:

In June 2009, the former Chairperson of the Department of Land and Natural Resources (DLNR) ended the artificial reef project; however, the construction and deployment of thousand of concrete modules under contract (CF-09-003-O) was allowed to be completed. In December 2009, during the deployment of approximately 1,452 of the 4,000 constructed modules, 125 modules mistakenly fell on a live coral formation off Keawakapu, Maui. This incident prompted the U.S. Corps of Engineers to delay permit renewal and plans to add the remaining portion of the already built modules to a new artificial reef site off Ewa, Oahu. The permit delay is expected to continue until sometime this fiscal year or early next fiscal year when an environmental assessment is completed on the Keawakapu incident. Storage cost was the responsibility of the contractor until the contract ended in September 2010. After that, by a written agreement between DLNR's former Chairperson and the contractor, DLNR would reimburse the contractor for all storage cost until the other portion of the modules were deployed or moved to another location. Therefore, DLNR is responsible for storage cost between October 2010 and March 2012 and arrangements have been made to transport the estimated 2,500 remaining modules to a nearby DLNR parcel.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:


SPO conducted the formal bid process to construct concrete artificial reef habitats and this contract ended on September 30, 2010 (CF-09-003-O).

8. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process, and has 1) completed mandatory training; and 2) who may contact for follow up inquiry, if any.

(Type over "example" and delete cells not used.)

Name of Department Personnel	Division/Agency	Phone Number	e-mail address
Brian Kanenaka	Aquatic Resources	587-0332	brian.k.kanenaka@hawaii.gov
Paul Murakawa	Aquatic Resources	253-9826	paul.y.murakawa@hawaii.gov

**All requirements/approvals and internal controls for this expenditure is the responsibility of the department.
I certify that the information provided above is, to the best of my knowledge, true and correct.**



Department Head Signature

5/14/12

Date

For Chief Procurement Officer Use Only

Date Notice Posted:

5/10/2012

Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

Prior approval is required on form SPO-007, *Notice of Request for Exemption from HRS Chapter 103D* before the department may enter into contract for the described goods or services. As this request was received on May 9, 2012, request is disapproved and department is required to submit form SPO-016 Report of Procurement Violation: Findings and Corrective Action and/or Request for After-the-Fact Payment, for failing to either obtain prior approval for an exemption or using the appropriate method of procurement to obtain storage services for the concrete modules for the period October 2010 to March 2012.

Department is reminded that pursuant to Procurement Delegation No. 2010-01, Amendment 1 states "Procurement officers and personnel without written delegated procurement authority and/or who have not completed the applicable mandatory training for HRS chapters 103D or 103F shall not conduct, approve, or participate in the procurement. . . . procurement requests submitted to the SPO from departmental personnel without written delegated procurement authority and the appropriate mandatory procurement training will be returned." Although no written delegated procurement authority is required for a *Notice of Request for Exemption from HRS Chapter 103D*, the SPO does not have a record of attendance at the appropriate mandatory procurement training for the persons identified in no. 8.

If there are any questions, please contact Bonnie Kahakui at 587-4702, or bonnie.a.kahakui@hawaii.gov.

☐ Approved

☒ Disapproved

☐ No Action Required



Chief Procurement Officer Signature

5/16/2012

Date